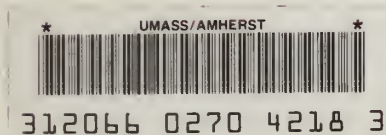


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REPORT 2000 | Meeting the Housing Needs of Lower-Income Massachusetts Residents



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REPORT 2000 | Meeting the Housing Needs of Lower-Income Massachusetts Residents

A Housing Study by the Center for Social Policy,
McCormack Institute, University of Massachusetts Boston

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On-line Data Available

This report is also available, with tables of shelter poverty and conventional affordability burdens, at the website of the Center for Social Policy:
www.mccormack.umb.edu/Centers/SocPol.

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Report 2000 Overview | MAJOR FINDINGS

- ALMOST ONE-THIRD OF THE PEOPLE OF MASSACHUSETTS HAVE SERIOUS HOUSING AFFORDABILITY PROBLEMS.
- ABOUT 35,000 FAMILIES AND UNACCOMPANIED INDIVIDUALS ARE LITERALLY HOMELESS.
- ABOUT 370,000 RENTER HOUSEHOLDS AND 300,000 HOMEOWNER HOUSEHOLDS ARE SHELTER-POOR.
- OVER THE PAST DECADE THE NUMBER OF SHELTER-POOR HOUSEHOLDS IN THE COMMONWEALTH HAS INCREASED BY ALMOST 50 PERCENT, WHILE THE NUMBER HOMELESS HAS DOUBLED.
- THE SHELTER-POOR AND HOMELESS ARE MOSTLY EITHER SINGLE-PARENT FAMILIES, ELDERLY, AND/OR PEOPLE OF COLOR.

Major Recommendations

- Expand the amount of housing under non-profit, public, and limited-equity resident ownership, to ensure long-term affordability, security of tenure, community viability, and responsible use of public resources.
- Expand the amount of permanently affordable non-speculative housing through a mix of new production, preservation of subsidized rental housing, and acquisition of some existing privately-owned housing.
- Finance the production and acquisition of non-speculative housing through direct public capital grants rather than debt, to the greatest extent possible, in order to eliminate the affordability burden of mortgage payments.
- Establish employer accountability and financial responsibility for contributing to meeting the housing needs of their workers and communities.
- Provide resources for appropriate and innovative housing schemes and designs, and supportive social and community services, in response to the disproportionate growth of affordability problems among larger households, and among households headed by women.
- Enforce anti-discrimination laws fully and aggressively, along with affirmative programs to expand housing opportunities, in response to the disparate racial burdens of shelter poverty.
- Provide adequate public resources and allocate them equitably for non-speculative housing, community development, and supportive services. Resources should be generated, in part, through dedication of a significant share of budget surpluses and new-growth revenues to housing and community-development trust funds.



INTRODUCTION | *Meeting the Housing Needs of Lower-Income Massachusetts Residents*

Despite almost a decade of sustained economic growth, housing affordability continues to be a very serious problem in Massachusetts. Nearly a third of the entire population of the Commonwealth – approximately 700,000 Massachusetts families and unaccompanied individuals – are experiencing severe affordability problems. About 35,000 are literally homeless. Another 670,000 are shelter-poor: they have places to live, but face a squeeze between their housing costs and incomes that leaves them unable to meet their non-housing needs at even a low level of adequacy. Most of the shelter-poor are either elderly, or working single-parent families, and/or people of color.

Over the past decade, the number of shelter-poor households in Massachusetts has increased by nearly 50 percent. Renters have been squeezed by soaring rents and stagnant incomes. As a result, evictions for non-payment of rent have risen across the state. Affordability problems for Latino and Black renters have risen especially steeply from their already high levels. Homeownership has increased, but the number of homeowners paying more than they can afford has increased dramatically. Foreclosures have declined significantly since the early 90s, but are still much higher than in the 1980s. Since 1990 homelessness among families has more than doubled, and has doubled among unaccompanied individuals. And both homelessness and shelter poverty are disproportionately borne by women and people of color.

The worsening affordability problem for lower-income people is in part due to the budget cuts and eligibility changes in many state and federal housing, homeless assistance, and income support programs. Yet it has occurred during a period of nearly unprecedented economic growth and low unemployment – not in spite of the economic boom, but rather because the boom has widened income inequality and sent housing

costs soaring. (See, for example, the comments of Fannie Mae CEO Franklin Raines in a meeting with Boston Globe editors, reported in *The Boston Globe*, Thursday, March 4, 1999). This is the “moral crisis” of housing affordability that Cardinal Bernard Law identified in his speech to the Greater Boston Chamber of Commerce in the spring of 1999. And, as the Cardinal emphasized, new ideas and creative strategies are needed to begin to reverse these trends and more effectively meet the housing needs of lower-income households in the Commonwealth.

Since 1997 the Center for Social Policy of the McCormack Institute has been actively documenting and publicizing the plight of low-income families and individuals in Massachusetts. These efforts include an analysis of the cuts and changes in federal and state housing, income support and homeless assistance programs (presented in the report, *Over the Edge*; Center for Social Policy, 1997); and an analysis of housing affordability and housing for populations with special needs (presented in part in the report, *A Profile of Housing in Massachusetts*; University of Massachusetts, 1998).

Recognizing the deepening dilemma of housing affordability for lower-income people in the Commonwealth, and building upon the foundation of our prior work, this report has two major purposes:

ANALYSIS

- Updating our investigation of how many Massachusetts households are paying more than they can afford for their housing, as well as how many have experienced evictions, foreclosures, and homelessness;

POLICY DEVELOPMENT

- Formulating a set of bold and innovative strategies, policies, and programs, for greatly increasing the amount of housing that provides secure tenure and permanent affordability to lower-income households. ■■■



CHAPTER ONE | Shelter Poverty

The conventional definition of housing affordability uses a cut-off of 30 percent of income as the maximum amount a household ostensibly can pay for housing without hardship. In the early 1980s this standard replaced the traditional 25 percent of income “rule-of-thumb” that had been widely used since the nineteenth century; and in recent years, 50 percent of income has been used as a measure of “worst case housing needs”¹. In the early 1970s, Michael Stone formulated a more realistic sliding scale called shelter poverty, which recognizes that relatively larger and lower-income families cannot realistically afford 30 percent, or even 25 percent, of their incomes for housing without compromising their other needs, and that households of relatively smaller size and higher income can afford more than 30 percent without hardship.²

The shelter-poverty sliding scale arises from recognition that housing costs are by far the largest after-tax expense for most households, and the expense they usually pay for first; non-housing expenditures are limited by how much income is left after paying for housing. That is, a household is shelter-poor if it cannot meet its non-housing needs at some minimum level of adequacy after paying for housing. Since the non-housing expenses of small households are, on average, less than those of large households (to achieve a comparable basic standard of living), smaller households can reasonably devote a higher percentage of income to housing than can larger households with the same income. Since low- and higher-income households of the same size and type require about the same amount of money to meet their non-housing needs at a comparable basic standard of living, those with lower incomes can afford to devote a smaller percentage of income for housing than otherwise similar, higher-income households can afford.³

The shelter-poverty scale uses a conservative minimum standard of adequacy for non-housing necessities, scaled for differences in household size and type, somewhat like the federal poverty standard. Unlike

the official poverty standard, though, it takes into account the actual cost of a standardized, basic “market basket” of non-housing necessities, plus federal and state taxes, in determining the maximum amount of money households can afford to spend for housing and still have enough left to pay for this basic market basket of non-shelter necessities.⁴ In this way, the shelter-poverty scale emerges as a sliding scale of housing affordability – varying with household size, type, and income – that is more realistic than any fixed percentage of income. Households who are shelter-poor are suffering from inadequate food, medical care, clothing, and other basic necessities because of the squeeze between their incomes and housing costs.

The Shelter-Poverty Standard

An employed single parent with one child, working full time at a minimum wage job (\$6.00 an hour) can afford \$115 a month for housing (11% of her income) on the shelter-poverty standard – if she also has health insurance and subsidized childcare; without these benefits she can afford even less. She would need a job paying \$9.00 an hour (plus healthcare and childcare) to be able to afford a rent of \$470 a month (30% of her income), which is the HUD “fair market rent” (FMR) for unsubsidized one-bedroom apartments in Berkshire and Worcester counties, the least expensive parts of the state.

AN EMPLOYED SINGLE PARENT WITH ONE CHILD, WORKING FULL TIME AT A MINIMUM WAGE JOB (\$6.00 AN HOUR) CAN AFFORD \$115 A MONTH FOR HOUSING (11% OF HER INCOME) ON THE SHELTER-POVERTY STANDARD— IF SHE ALSO HAS HEALTH INSURANCE AND SUBSIDIZED CHILDCARE. WITHOUT THESE BENEFITS SHE CAN AFFORD EVEN LESS.

To be able to afford the \$750 a month FMR for one-bedroom apartments in metropolitan Boston, she would need an income of at least \$26,000 a year (plus childcare). To be able to afford the \$940 a month FMR for two-bedroom apartments in metro Boston she would need an income of at least \$29,500 (plus childcare). And for each additional child she would need about \$7,000 a year more in after-tax income to be able to afford the same level of housing cost and still meet her family's non-shelter needs at a very basic level.

A married couple with two children, with both parents working full time at minimum wage jobs (\$25,000 a year) can afford nothing for housing if they are to pay their taxes and meet their family's non-shelter needs at a basic level; since housing is, of course, not free, they are shelter-poor – unable to provide for their non-shelter needs adequately even though both are working. To be able to afford a rent of \$560 a month, which is the FMR for two-bedroom apartments in Pittsfield, in the least expensive part of the state, they would need an income of \$36,500 a year (and would be paying 18% of their income, all they could afford). To be able to afford the \$940 FMR for two-bedroom apartments in metro Boston, they would need an income of nearly \$43,000 (and be paying 26%, all they could afford).

A senior citizen living alone, and depending entirely upon Social Security survivor's benefits of \$500 a month can afford nothing for housing and still meet her other needs. If she receives Social Security payments of \$900 a month (and has no medical costs beyond Medicare premiums), she can afford just \$380 a month, which is barely above the FMR for studio apartments in the cheapest parts of the state, Berkshire and Worcester counties. To be able to afford the nearly \$670 a month that is the FMR for studio apartments in metro Boston, she'd need an income of over \$1,200 a month (\$14,400 a year).

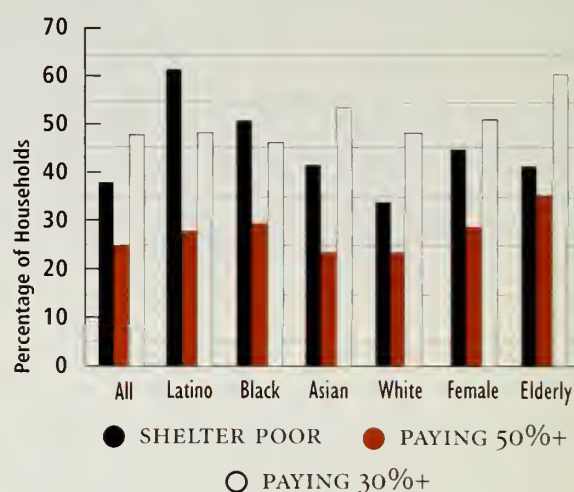
This study has examined who is paying more than they can afford for housing based on the shelter-poverty standard, as well as the 30% and 50% of income standards. The text of this report presents affordability problems in terms of the shelter-poverty standard, but the figures and the endnotes accompanying each section provide some comparisons with the conventional 30% and 50% standards of affordability.⁵ For the most part, when viewed through the shelter-poverty lens the affordability problem is found to be less extensive than on the 30% of income standard but more extensive than on the 50% of income standard. Beyond these aggregate differences, though, shelter poverty focuses attention on those residents of the Commonwealth experiencing the most painful squeeze between high housing costs and inadequate incomes – a squeeze that leaves them unable to meet their non-housing needs at even a minimal level of adequacy.

Renter Affordability Problems

In 1998 about 366,000 renter households – nearly 39% of all renters – were shelter-poor. This is 26% increase from 1990. Between 1990 and 1993 the number of shelter-poor renter households increased by 19%,

FIGURE 1.

Renter Affordability Problems | 1998



FACT: IN 1998, OVER 55% OF RENTERS OF COLOR WERE SHELTER-POOR, COMPARED WITH ABOUT 34% OF WHITE RENTERS.

SOURCE NOTE: DERIVED FROM 1998 AMERICAN HOUSING SURVEY (AHS), AND 1998-99 CURRENT POPULATION SURVEY (CPS) DATA.

from 290,000 to 345,000; the incidence of shelter-poverty rose sharply over this period, from slightly under 32% of all renters in 1990 to over 39% in 1993. From 1993 to 1998 the number of shelter-poor renters rose by another 6%, but the incidence remained virtually unchanged at about 39%, as the total number of renters in Massachusetts grew at the same rate as the increase in shelter poverty.⁶

Renter households who were shelter-poor in 1998 had a median annual income of about \$11,000. The most serious problem is among those renters with 3 or more persons in their households, about 50% of whom are shelter-poor, compared with a shelter-poverty rate of about 34% among households of 1 or 2 persons.

Affordability Differences by Race/Ethnicity

Over 55% of renters of color are shelter-poor, compared with about 34% of white renters. Nonetheless, nearly two-thirds of shelter-poor renter households are white (see Figure 1).

Latino renters experience, by far, the most extensive affordability problems. In 1998 nearly 51,000 households – 61% of Latino renters – were shelter-poor. This is a 32% increase from 1990. However, the rate of shelter poverty among Latino renters increased only slightly, from 59% in 1990 to 61% in 1998. The large increase in number, but small change in the rate of shelter poverty, is due to the growth in the total number of Latinos in Massachusetts over this period.

Black⁷ and Asian American renters also have very extensive affordability problems: in 1998, 53% of Black renters and over 42% of Asian American renters were shelter-poor. Both groups saw significant increases in the early 1990s: among Black renters shelter poverty rose from about 42% in 1990 to almost 47% in 1993; among Asian American renters shelter poverty increased from about 49% in 1990 to nearly 54% in 1993. From 1993 to 1998 shelter poverty among Black renters grew by more than 6 additional percentage points.⁸ In 1998 nearly 51,000 Latino renter households, over 53,000 Black renters, and over 14,000 Asian American renters were shelter-poor.

About 248,000 white renter households were shelter-poor in 1998, about 34% of all white renters. In the early 1990s the rate of shelter poverty among white renters rose sharply, as it did for renters of color, from 28% in 1990 to nearly 33% in 1993. However, for white renters, unlike Blacks and Latinos, the rate of shelter poverty stabilized with improvement in the economy, continuing to be 33% in 1998. Simply put, the growing economy enabled white renters to increase their incomes just about enough, on average, to keep up with rent increases, but among households headed by Blacks and Latinos rent increases outpaced their income growth.⁹

Affordability for Female-Headed Households

About 227,000 female-headed renter households were shelter-poor in 1998, 45% of all female-headed renter households (see Figure 1). Slightly over half of all renter households in Massachusetts are female-headed; but 62% of those with affordability problems are female-headed, indicating that they experience greater economic stress, on average, than married-couple and male-headed renter households.

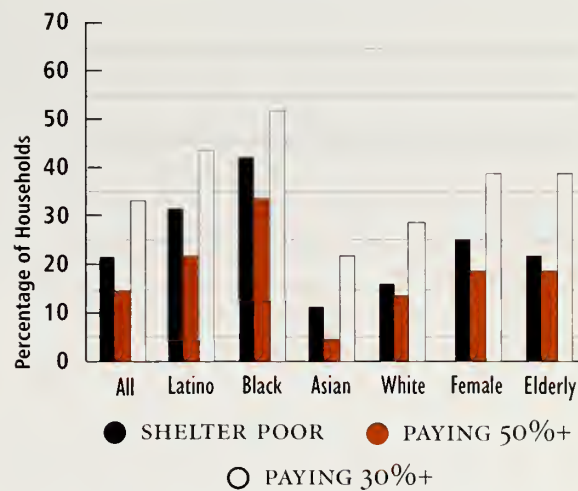
The number of female-headed renter households who are shelter-poor rose from about 179,000 in 1990 to almost 227,000 in 1998, a 26% increase. From 1990 to 1993, the number grew by 20%, and their rate of shelter poverty increased from 39% to 42.5%. From 1993 to 1998 their rate of shelter poverty increased by about an additional 2.5 percentage points, reaching nearly 45%.¹⁰

Affordability for Elderly Households

More than 66,000 elderly renter households were shelter-poor in 1998 – 42% of all elderly renters (see Figure 1). Their median income is just \$8,500, and nearly all have incomes of less than \$20,000. The number of shelter-poor elderly renters barely changed from 1990 to 1993, but then decreased by 8% from 1993 to 1998. However, the total number of elderly renters declined steadily and substantially by 15% over the entire period since 1990 (for reasons that are not apparent, but may reflect deaths, moves to nursing homes, and moves to relatives' homes). The result has been a steady increase in the percentage shelter-poor, from 37% in 1990, to 40% in 1993, and 42% in 1996.¹¹

FIGURE 2.

Homeowner Affordability Problems | 1998



FACT: IN 1998, ABOUT 305,000 HOMEOWNER HOUSEHOLDS, OR 21% OF ALL HOMEOWNERS, WERE SHELTER-POOR.

SOURCE NOTE: DERIVED FROM 1998 AMERICAN HOUSING SURVEY (AHS), AND 1998-99 CURRENT POPULATION SURVEY (CPS) DATA.

Seniors with affordability problems are overwhelmingly those living alone, predominantly women. About one-third of all female-headed renter households who have affordability problems are elderly.

Conclusion

In sum, regardless of how they are categorized or how their affordability problems are measured, renters in Massachusetts face staggering affordability burdens. In terms of numbers, renter households with affordability problems are overwhelmingly headed by a person who is white and female – both non-elderly single-mother families and elderly women living alone. But in terms of incidence, renter households headed by Latinos and Blacks have by far the highest rates of affordability problems.

Homeowner Affordability Problems

In 1998 about 305,000 homeowner households – 21% of all homeowners – were shelter-poor. By way of comparison, in 1990 170,000 homeowners – a little under 13% of all homeowners – were shelter-poor; and in 1993 about 250,000 homeowners (17.5%) were shelter-poor (see Figure 2). This is an incredible 80% leap from 1990 to 1998, with most of the increase happening during the recession years at the beginning of the decade, but a further significant increase even during the period of recovery and economic boom. From 1990 to 1993, the number of shelter-poor homeowners increased by 46%. By 1998 homeowner shelter poverty had increased by an additional 22% above the 1993 level. Most of the increase in homeowner shelter poverty has been among households headed by women and people of color.

The median income of homeowner households who were shelter-poor in 1998 was \$21,500. There are substantial differences, though, by household size. For example, among small homeowner households with just one person, most of the shelter-poor are elderly; their median income is just \$8,600, and shelter-poverty is a problem only for those with incomes under \$15,000. For two-person households, the median income of those shelter-poor is \$21,000, and shelter-poverty remains a substantial problem up to \$30,000. Among larger homeowner households with 3 or more persons, shelter-poverty is very serious for households with incomes up to \$40,000: virtually all with incomes below \$30,000 are shelter-poor, as are three-quarters of those with incomes of \$30,000-\$40,000; the median income of these larger shelter-poor homeowner households is about \$32,000.¹²

Affordability Differences by Race/Ethnicity

Black and Latino homeowners have much higher rates of affordability problems than do white and Asian American homeowners. In 1998, over 41% of Black homeowner households and 32% of Latino homeowners were shelter-poor, compared with a little over 16% of white and a little under 13% of Asian Americans (*see Figure 2*). The median incomes of shelter-poor Black, Latino, and white homeowners are in the \$21,000-23,000 range, but shelter-poor Asian American homeowners have a median income of over \$34,000, reflecting the much larger size, on average, of Asian American homeowner households.

Between 1990 and 1998, the number of shelter-poor Black and Latino homeowners tripled. The total number of Black and Latino homeowners also increased, but not nearly as much as the number shelter-poor: the incidence of shelter poverty among Black homeowners increased from less than 16% in 1990, to about 20% in 1993, and over 40% in 1998; among Latinos the increase was from less than 17% in 1990, to about 21% in 1993, and 32% in 1998. By contrast, among Asian American homeowners shelter poverty rose from 16% in 1990, to 22% in 1993, followed by a drop to 12.5% in 1998.¹³ Among white homeowners the rate of shelter poverty rose about three percentage points from 1990 to 1993 and then increased by an insignificant amount from 1993 to 1998.¹⁴

Affordability for Female-Headed Households

In 1998 nearly 26% of female-headed homeowner households—153,000 households—were shelter-poor. While female-headed households accounted for just a little over 40% of all homeowners, they were 50% of shelter-poor homeowners (*see Figure 2*). The median income of shelter-poor female-headed homeowners was just \$16,000, about \$10,000 lower than the median for non-female-headed. While it might be thought that this income difference is due to the large number of elderly female-headed homeowner households who are shelter-poor, in fact the majority of women who head shelter-poor homeowner households are not elderly. Two-thirds of all shelter-poor women-headed households have 2 or more persons, with a median income of about

\$25,000; most of these are single-mother families, desperately trying to hold onto their houses after the breakup of their marriages. The remaining one-third shelter-poor are single-person households, nearly all elderly, with median income of about \$9,000.

Between 1990 and 1998 the number of shelter-poor female-headed households rose by 126%. Between 1990 and 1993, the number rose from 67,500 to 99,100; and then to 152,600 by 1998. Over this period there was a big increase in the total number of female-headed homeowner households; in 1990 they accounted for 27% of all homeowners in the state, rising to over 40% in 1998. But the overall increase was not nearly as great as the increase in shelter poverty. Thus their rate of shelter poverty rose from 18.5% in 1990, to 21.8% in 1993, and 25.5% in 1998.¹⁵

Affordability for Elderly Households

About a quarter of all shelter-poor homeowner households are headed by a person 65 years of age or older. In 1998 about 78,000 elderly homeowners were shelter-poor, nearly 22% percent of all elderly homeowners (*see Figure 2*.) The rate of shelter-poverty among elderly homeowners is only about one percentage point higher than that of non-elderly homeowners. There are, however, significant differences by household size. Fully 34% of one-person elderly homeowners—most of whom are women—are shelter-poor, about twice the incidence of shelter-poverty experienced by one-person non-elderly homeowners. By contrast, elderly homeowner households with two or more persons—most of whom are married couples—have a rate of shelter-poverty of just 14 percent, well below the rate of about 20% experienced by non-elderly homeowner households of two or more persons.

The median income of elderly shelter-poor homeowners was only \$10,100 in 1998—about \$9,000 for singles and about \$13,000 for two-or-more-person households. About three-fifths of shelter-poor elderly households consist of a person living alone, overwhelmingly women. Shelter-poverty among elderly homeowners rose from about 51,000 (15%) in 1990, to about 60,000 (a little over 17%) in 1993, and then increased substantially to about 78,000 (nearly 22%) in 1998.¹⁶

Conclusion

In sum, among homeowners the largest segment of the population experiencing affordability problems consists of female-headed households—regardless of the affordability standard used—and while some of these households are elderly, most are not. More than 90% of all homeowner households in Massachusetts are headed by a white person, but those headed by a Black or Latino are more than twice as likely to experience affordability burdens, and they have experienced very large increases in their rates of affordability problems since 1990. ■■■



CHAPTER TWO | Evictions and Foreclosures

Most households with affordability difficulties continue to pay for their housing even if it means compromising their other basic needs. Some households eventually reach the point, though, where they fall behind in their housing payments, and if they are unable to catch up they face the loss of their homes – for tenants this normally occurs through “summary process” eviction, and for homeowners it is usually through mortgage foreclosure. Trends in evictions and mortgage arrearages and foreclosures during the 1990s in Massachusetts indicate extreme affordability distress for considerable numbers of households in the state.

Evictions

Between the early 1990s and 1997 evictions for non-payment of rent in Massachusetts increased by 64%. Since then the rate of evictions statewide has remained fairly constant, but at a high level, with more than 5% of renter households now facing eviction each year (See Figure 3).

In fiscal years 1997 and 1999, there were over 24,000 non-payment “summary process” eviction cases reported in the five Massachusetts districts where there are Housing Courts. This count is a modest estimate because only about one-half of the total number of evictions are handled in Housing Courts, the remainder being handled in local District Courts.¹⁷

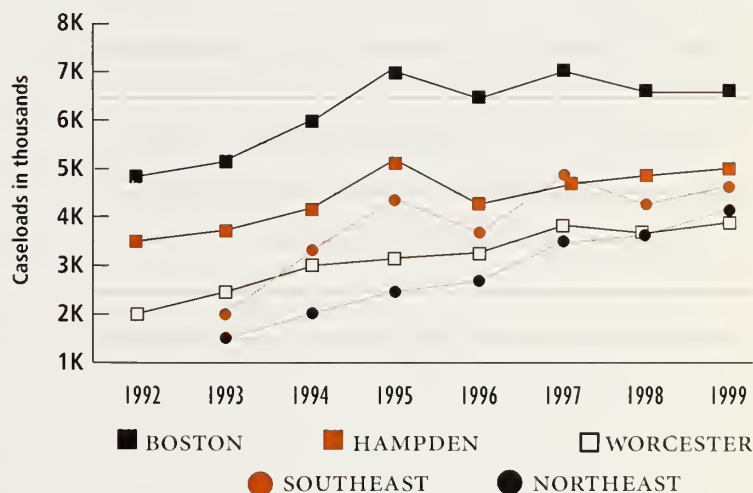
This would suggest that currently the Housing Courts and Districts Courts process about 50,000 non-payment eviction cases annually. While, on the one hand, not all summary process cases ultimately result in eviction, and not all rent arrearages are necessarily due to inability to pay, on the other hand many tenants who are unable to pay the rent move out in response to a landlord notice without any court action having been initiated. It is therefore probably conservative to estimate from the Court data that in each of the past several years at least 50,000 renter households were evicted because of inability to pay rent. Since there are about 950,000 renter households in Massachusetts, this implies that in the current period over 5% of all renters are being evicted each year because they cannot afford to pay the rents for their homes.

Evictions increased a dramatic 53% from 1993 to 1995, with all five Housing Courts showing sizable increases, as many landlords took advantage of the economic recovery to raise rents. However, many tenants did not get higher incomes to pay the higher rents and lost their homes. Then from 1995 to 1996, the number of evictions fell slightly in three of the five districts with Housing Courts, as some landlords tempered rent increases. Evictions rose again in all five districts from 1996 to 1997. Since 1997 the number families evicted from their homes has remained on a high plateau, with just slight variations across the state. Combined with the shelter-poverty findings, the eviction data suggest the continuing affordability stress faced by

AFTER NEARLY A DECADE OF ECONOMIC GROWTH, AND IN A PERIOD OF RECORD LOW UNEMPLOYMENT AND INCREASING HOMEOWNERSHIP, RESIDENTIAL FORECLOSURES ARE STILL MORE THAN FOUR TIMES AS HIGH AS THEY WERE IN THE MID 1980S.

FIGURE 3.

Housing Court Evictions | 1992 – 1999



SOURCE NOTE: MASSACHUSETTS COURT SYSTEM, HOUSING COURT DEPARTMENT; BOSTON 1/2 HOUSING COURT.

large numbers of renters in the Commonwealth, not in spite of the economic boom, but because low unemployment has masked widening income inequality.

Mortgage Defaults

After nearly a decade of economic growth, and in a period of record low unemployment and rising homeownership, residential foreclosures are still more than four times as high as they were in the mid 1980s. This suggests the higher degree of financial risk taken on by many homeowners during the current boom in contrast with the 1980s, and the likely consequences of the inevitable end of the current prosperity.

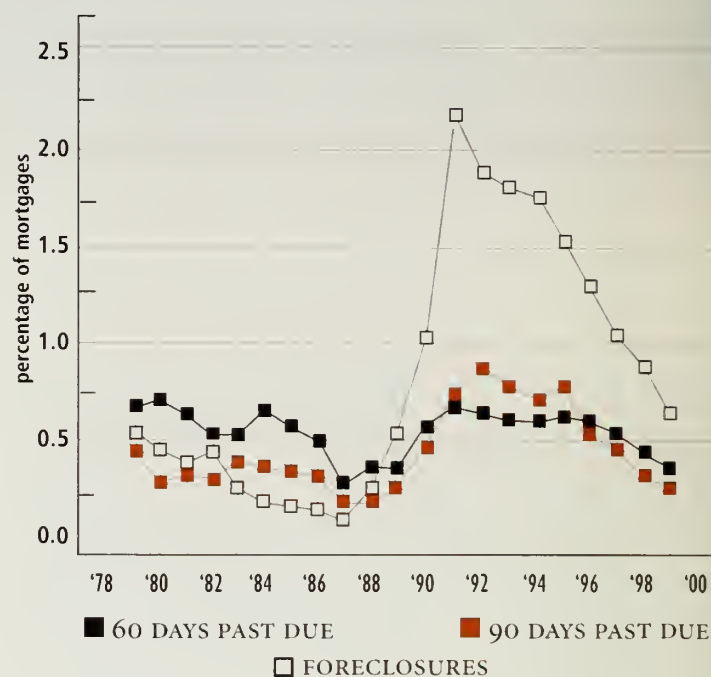
From 1979 through 1988, residential mortgage foreclosures in Massachusetts averaged about one-fifth of one percent per year, with a slow downward trend over the period, to a low point of about one-seventh of one percent of all mortgages in 1987. As recession took hold at the end of the 80s, foreclosures began to rise sharply, beginning in 1989, and continued upward year by year to a Depression-like peak of about 2.2% in 1991. In 1992 the rate dropped, but then remained at a high level of about 1.8% through 1994. Since 1995, foreclosures have declined with the unemployment rate, but nonetheless remained above 1% until 1998, when they dipped to about 0.9% with a further decline to about 0.6% in 1999¹⁸ (See Figure 4).

That is, even with the booming economy, during the late 1990s residential mortgage foreclosures were still 4-5 times what they had been from the late 70s to late 80s. Since there are about 1 million mortgaged homeowner households in Massachusetts¹⁹, these foreclosure rates imply that about 20,000 lost their homes to foreclosure each year in the early 90s, as are close to 10,000 a year in recent years.²⁰

Foreclosures in Massachusetts have followed a pattern very typical of New England as a whole, but more volatile than for the United States as a whole; in the U.S. foreclosures climbed steadily during the 1980s, reaching a plateau of about 1%, with only slight dips and climbs since then. Foreclosures in Massachusetts (and New England) were below the national average until 1991, but then soared to nearly twice the national average in the early 90s; only in the late 90s did the Massachusetts rate of foreclosures fall to, and then go slightly below, the national average.

FIGURE 4.

Mortgage Defaults | 1979 – 2000



SOURCE NOTE: MORTGAGE BANKERS ASSOCIATION, QUARTERLY DELINQUENCY SURVEY.

While the proportions of Massachusetts homeowners with mortgage payments 60 days past due and 90 days or more past due also follow overall trends in the economy, they are less volatile than the foreclosure rate; and the proportion with payments 60 days overdue is less volatile than the 90 day arrearage rate (See Figure 4). In the recession of the late 80s and early 90s, the 60-day and 90-day rates of past due loan payments rose far less than did foreclosures. At the end of the 1990s, both the 60-day and 90-day rates of past due loan payments were still above their low points in the 1980s, but less so than was the case for foreclosures. Foreclosures are thus a far more sensitive indicator of the dangers of shelter-poverty for both mortgaged homeowners and mortgage lenders. ■■■



CHAPTER THREE | Homelessness in Massachusetts

*P*ublic policies and services designed to address homelessness in Massachusetts recognize that the needs of homeless adults with children in tow are quite different from those without children. For this reason, the following sections of the report summarize what we know about each of these populations separately. For families, after presenting the extent of homelessness, the report describes the characteristics and life circumstances²¹ of those who used the state's emergency shelter services in 1999. For individuals,²² the discussion is similarly organized. The discussion on homeless individuals is presented within the framework of three key age categories: homeless youth, ages 18-24; adults, ages 25-54; and homeless elders, ages 55 and older. We provide this specificity so that policy makers, service providers, and advocates can use these findings to inform their efforts to craft targeted public policy responses for each of these sub-groups.

Approximately 10,500 Massachusetts families were homeless in 1999, an increase of 112% from 1990. This growth in family homelessness has stretched the state's family shelter system beyond its capacity. As a result, in 1999 Massachusetts families without a home began to receive publicly-funded shelter in hotels and motels, for the first time since 1995. In addition, between 1997 and 1999, families receiving shelter through private resources, and thus not included in official state counts, increased by 90%.

Approximately 25,000 unaccompanied individuals were homeless in 1999, an increase of 14% from 1997, and double the number who were homeless in 1990.²³ In addition, street homelessness is on the rise.²⁴ In 1997, 64% fewer individuals were living on the streets as compared to 1990. However, between 1997 and 1999, the number of individuals found living on the streets increased by 39%.

Homeless Families

Since 1997, approximately, 10,500 families have been homeless in Massachusetts each year, more than double the number homeless in 1990.²⁵ Within the past two years growing numbers of families with working parents have sought emergency shelter.

The Department of Transitional Assistance (DTA) and the state legislature have recognized that the need for family shelter is growing. In fiscal year 2000 state legislators were persuaded to change the income guidelines for state-funded emergency shelter to enable families with incomes up to 130% of the federal poverty level to become eligible for this basic resource. Since January 1999, DTA has increased the state's family shelter capacity by 14%. Specifically in FY99 DTA added 57 family shelter units.

However, the need for family shelter exceeded this capacity. As a result, in late FY99 DTA began placing families in hotels for the first time since 1995, 19 families in FY99 and 206 in FY00. In addition in FY00, DTA added 48 more family shelter units to the system. Currently, the DTA-funded family shelter system (not including hotel shelter) has the capacity to serve 848 families at a single point in time.

Although DTA has added 105 family shelter units to the system since 1997, the total number of families officially sheltered through DTA resources did not increase between 1997 and 1999. One possible explanation for this puzzling finding is that the length of stay for families in these shelters has increased, reflecting the difficulty families have in obtaining housing that is safe and affordable.

TWENTY-NINE PERCENT
OF HOMELESS FAMILIES
REPORT HAVING NO
SOURCE OF INCOME AT
ALL. OF THOSE WITH
SOME INCOME, 53%
ACCESSED INCOME
FROM MORE THAN ONE
SOURCE, 22% FROM
THREE OR MORE
SOURCES. TWENTY-ONE
PERCENT OF PARENTS
ARE EMPLOYED.

Between 1997 and 1999, the numbers of families receiving shelter through private resources increased by 90%. That is, 716 families received privately-funded shelter in 1999 in contrast to an estimated 375 families in 1997, and only 160 in 1990. Over this period, the Massachusetts Executive Office of Health and Human Services (EOHHS), in collaboration with state human service agencies and the City of Boston, were successful in securing federal McKinney funds that have enabled the numbers of families served in transitional and supportive services programs to nearly double, from over 300 families in 1997 to more than 600 in 1999. In the wake of welfare reform, coalitions of family shelter programs in the Boston, the North Shore, and Western Massachusetts areas have received federal McKinney funds to implement Transition To Work programs with the homeless families they serve. These programs are designed to enable parents to effectively move into jobs offering career ladder opportunities, equipped with the skills they need.

In 1999, there were 511 emergency shelter beds for women and children escaping violence in Massachusetts, up from 436 in 1997. The number of transitional housing programs for women and children escaping domestic violence has increased steadily from only two in 1990 to 39 in 1998 to 75 in 1999. These transitional housing programs served 244 families in 1999.

Demographic Characteristics of Heads of Households

GENDER AND AGE²⁶

- Parent heads of household served in emergency shelters are mostly female (90%) and between 18 and 44 years old with an average age of 32.

RACIAL CHARACTERISTICS OF PARENTS

- Thirty-five percent of parents describe their race as African American; 27% white; 27% Latino; 2% multiracial; 1% Asian; 1% Native American; 1% Pacific Islander; and 6% "other."
- Parents of color are disproportionately homeless in Massachusetts, in particular African American and Latino parents.

MARITAL STATUS

- More than two-thirds of parents (69%) report never having married; 14% are married; and the remaining 17% are either not living with their spouse, divorced, or widowed.

EDUCATIONAL ATTAINMENT

- A majority of these parents (56%) have not completed high school; 30% have obtained a high school diploma or GED; another 13% have some college experience. This finding has serious implications for parents' employment prospects, in that educational achievement is closely linked with successful employment in high paying jobs and in those that lead to career advancement.

Family Unit Characteristics

FAMILY SIZE

- In terms of family size, slightly more than one-third (34%) of the

families in homeless shelters have two members, and 30% have three members. Close to 20% have four family members, and the remaining 17% have more than four members.

- The average family size is 3.3 persons.

AGES OF CHILDREN

- Children in the Massachusetts homeless families tend to be younger than children in homeless families nationwide.²⁷ Nonetheless, 50% of the youngsters in these families are school-aged. This has serious service and policy implications, in that consistent, high quality educational experiences are essential if children are to succeed, particularly given the current high stakes MCAS environment.

PRIOR LIVING SITUATION

- One-third of the families report having doubled up with family and/or friends before entering the shelter, while close to another third of families had rented their own place, and more than 20% had lived in another shelter.

ACCESS TO HEALTH INSURANCE

- Of the families responding to the question on health insurance coverage, only 4% indicate that they have no health coverage.
- Close to 90% of the families are covered by Medicaid/Mass Health, and few by either an HMO (4%), or a private plan (3%).

FAMILY INCOME²⁸

- Twenty percent have income from SS, SSI, or SSDI, \$612 on average per month; only 12% receive WIC, \$114 on average per month; and 10% report income from child support and/or alimony, \$286 on average per month.
- Twenty-nine percent of families report having no source of income at all. Seventy percent receive cash assistance (TAFDC) and 62% food stamps. Over one-fifth of families (21%) have a parent in the paid workforce. The average monthly income families receive from working is \$873.

Homeless Individuals

Of the 25,000 unaccompanied homeless individuals, more than 17,000 received emergency shelter or transitional housing in 1999. The shelter capacity for individuals in Massachusetts nearly doubled between 1990 and 1999, from 2,266 emergency or transitional beds in 1990 to 4,357 in 1999. Five state agencies, the Departments of Transitional Assistance, Public Health, Veterans' Services, Mental Health, and Social Services, provided the funding for these shelter beds and services.

In 1997, 64% fewer individuals were living on the streets as compared to 1990. However, between 1997 and 1999, the number of individuals found living on the streets increased by 39%, from more than 1,400 in 1997, to over 1,900 in 1999, reflecting an upward trend in street homelessness. Sixteen homeless persons died on the streets of Boston and Cambridge in winter 1998-1999. In a proactive effort to prevent additional deaths,

Dr. Howard Koh, Commissioner of the Department of Public Health, launched an unprecedented collaboration with Boston and Cambridge city governments, advocates, and service providers in the summer of 1999.

An in-depth analysis of the case records of those persons who died on the streets, carried out by Dr. Jim O'Connell of Boston Healthcare for the Homeless, surfaced the set of factors that were associated with these deaths. These "red flags" are being used by shelter and hospital emergency room staff to help identify the homeless persons who are at highest risk and in need of targeted support, including easier access to primary care, crisis intervention, detox and substance abuse treatment, as well as post-detox housing and support services. Additional resources have been committed by the state and the cities of Boston and Cambridge for 24-hour street outreach services, including funding for outreach vans and staff. This pilot effort is being evaluated with an eye to ensuring that street deaths in other parts of the state are eliminated to the greatest extent possible. In winter 1999-2000, two homeless persons died on Boston/Cambridge streets.

Youth (18-24 year olds)

An estimated 11% of homeless individuals currently being served by emergency programs for individuals in Massachusetts are between the ages of 18-24, closely paralleling the percentage of youth 18-24 in the Massachusetts population.²⁹

DEMOGRAPHIC CHARACTERISTICS

- Two-thirds of homeless youth are male. However, the proportion of homeless youth who are female (34%) is considerably higher than the proportion of the adult and elder homeless populations who are women (20-21%).
- Half of the homeless youth describe their race as white; 21% as African American; 19% Latino; 2% multiracial; 1% Asian; and 5% "other."
- Youth of color are disproportionately homeless in Massachusetts. Not surprisingly, nearly all homeless youth (95%) report having never been married.
- It is clear that these youth are alienated from the educational system. Only 42% of homeless youth have graduated high school or have some college experience; 58% have less than a high school diploma.

INCOME

- Forty-four percent of youth report having no source of income at all.
- Of those with an income, 62% report income from paid employment; 26% report receiving either SSI or SSDI; 18% receive Food Stamps; and 7% TAFDC.
- The average monthly income from paid employment for homeless youth is \$760, a much lower income than that reported by homeless adults 25-54 years of age who are working.

ACCESS TO HEALTH INSURANCE

- Forty percent of homeless youth report having no health insurance.
- Nearly all of those who do have insurance are covered through Mass Health/Medicaid.

PRIOR LIVING SITUATION

- Compared to homeless adults and elders, homeless youth are twice as likely to report their prior living situation as living with relatives/friends.
- Specifically, nearly 30% of homeless youth report living with relatives/friends prior to entering the shelter.
- However, 13% report living in their own apartment; another 27% came from another shelter.

INSTITUTIONAL PRIOR LIVING SITUATIONS

Several findings on prior living deserve policy attention related to discharge planning from state programs and institutions.

- In particular, 10% of homeless youth who use Massachusetts emergency shelter report that their previous living situation was a detox or substance abuse program.
- Data collected by Bridge Over Troubled Waters Day Outreach Program staff on all the youth they served between April 1, 1997, and February 23, 1999, offer additional insight. According to these data, 42% of the homeless youth they served report previous institutional living. Of those who report a history of institutional living, 79% had lived in a foster home, 71% in a group home and 67% in another type of institution.
- More than three-quarters of the homeless youth who reported a history of institutional living state they have lived in more than one institution.

Adults (25 to 54 years)

An estimated 71% of homeless individuals currently being served by emergency programs for individuals in Massachusetts are between the ages of 25-54 years old, as compared to 59% of the Massachusetts population within this age range.³⁰

DEMOGRAPHIC CHARACTERISTICS

- Seventy-nine percent of homeless adults are male.
- Fifty-six percent of the homeless adults describe their race as white; 24% as African American; 14% Latino; 1% multiracial; less than 1% Asian; and 3% "other." Once again, persons of color are disproportionately homeless in Massachusetts.
- Nearly two-thirds of homeless adults (61%) report having never been married; 31% are divorced or separated from a spouse; and 7% are married.
- Sixty-percent of homeless adults 25-54 years of age have graduated high school/GED or have some college experience or a college/graduate degree; and 40% have less than a high school degree.

INCOME

- One-third (33%) of homeless adults report having no source of income.
- Eleven percent of homeless adults have access to two or more income sources.
- Of those with some income, 52% report income from paid employment; 44% report receiving either SSI or SSDI; 9% receive Food Stamps; 2% TAFDC; and 12% receive some other public benefit, such as EITC, Refugee Assistance, Veterans' Assistance, Workers' Compensation, or Unemployment Insurance.
- The average monthly income from paid employment for these adults is \$992, with men earning more on average than women, \$1,018 per month for men as compared to \$709 per month for women.

ACCESS TO HEALTH INSURANCE

- Seventy-three percent of homeless adults report having health insurance, 57% through Mass Health/Medicaid. This is nearly twice as high as for homeless youth.

PRIOR LIVING SITUATION

- In contrast to homeless youth, only 13% of homeless adults report their prior living situation as living with relatives/friends. Another 16% report living in their own apartment.
- Nearly two out of five homeless adults (37%) report that their last living situation was another shelter.³¹

INSTITUTIONAL PRIOR LIVING SITUATIONS

- As with homeless youth, several findings on prior living deserve policy attention related to discharge planning from state programs and institutions.
- In particular, 17% of homeless adults who use Massachusetts emergency shelter report that their previous living situation was a detox or substance abuse program.
- Another 7% of the homeless adults report previous institutional living, specifically: 2% had lived in a supervised setting like foster home, halfway or three-quarter house, or nursing home; 2% in a mental or other hospital; 2% in a jail, prison or detention center; and 1% in a transitional shelter program.

Elders (55 years and older)

An estimated 8% of homeless individuals currently being served by emergency programs for individuals in Massachusetts are 55 and older, while 28% of the Massachusetts population are within this age range.³²

DEMOGRAPHIC CHARACTERISTICS

- Eighty percent of homeless elders are male.
- More than two-thirds of homeless elders (70%) describe their race as white; 15% African American; 12% Latino; 1% multiracial; less than 1% Asian; 2% as "other." Consistent with previous findings for families, youth, and adults, elders of color are disproportionately homeless in Massachusetts.

- Twice as many homeless elders are veterans (31%) as are homeless adults (15%).
- A higher percentage of homeless elders report being divorced (35%) than do homeless adults (21%).
- In addition, the percent of elderly homeless individuals who report having never been married (39%) is lower than that of homeless adults (61%) and homeless youth (95%).
- Forty-seven percent of homeless elders report having less than a high school degree.

INCOME

- Fifteen percent of homeless elders have no income.
- Of the three age groups, the percentage of individuals without any income is greatest among homeless youth (44%) and lowest among homeless elders (15%) with homeless adults in between (33%).
- Of those homeless elders with some income, 80% access income from only one source. Twenty-two percent report income from paid employment; nearly three-quarters (72%) report receiving either SS, SSI, or SSDI; 16% receive some other public benefit;³³ 5% receive Food Stamps; and 10% report receiving other private income from retirement, savings or investments, private disability insurance, or other pension.
- Not surprisingly, homeless elders access public benefits or private income sources to a greater degree than homeless individuals in the other two age groups. However, as for homeless families, youth and adults, income levels for elders are quite low. Specifically for homeless elders with paid employment, the average monthly income is \$876. Average monthly income for those who access other income sources is: \$586 for SS/SSI/SSDI; \$579 for other private income; \$359 for other public benefits; and \$101 for Food Stamps.

ACCESS TO HEALTH INSURANCE

- Eighty-one percent of homeless elders report having health insurance; over half (53%) through Medicaid/Mass Health; 16% through Medicare; 6% through the Veterans' Administration; and 7% through a private plan (6%) or an HMO (1%). This is a much higher level of health care coverage than for homeless youth (60%) or homeless adults (73%).

PRIOR LIVING SITUATION

- As many as 46% of homeless elders report residing in another shelter before entering their current one. A slightly higher percentage of homeless elders (18%) lived in their own rented residence before entering the shelter than homeless adults (16%) or homeless youth (13%). Many elders (11%) had been living with relatives or friends.

PRIOR INSTITUTIONAL LIVING SITUATION

- Very few homeless elders (3%) report living in a detox/substance abuse treatment center immediately prior to the shelter in contrast to one in five of the adults and one in ten of the youth.
- Another 6% of the homeless elders report previous institutional living, specifically: 3% had lived in a supervised setting like foster home, halfway or three-quarter house, or nursing home; 3% in a mental or other hospital; less than 1% in a jail, prison, or detention center; and less than 1% in a transitional shelter program.

Conclusion

Several key public policy changes have occurred in Massachusetts within the past few years that affect the state's response to Massachusetts families and individuals who are on the brink of losing or have lost their hold on housing. In summer-fall 1999, policy staff from the Governor's budget office, in the Executive Office of Administration and Finance (A&F), conducted an in-depth analysis of the state's response to the growing problem of homelessness. Study findings³⁴, issued in December 1999, recognized the mounting evidence indicating that many individuals leaving prisons, hospitals, detox and substance abuse treatment centers, foster care, and other state-funded institutional settings show up at the emergency shelter door soon after leaving those settings. The growing problem of family homelessness and the lack of coordination among state agencies that administer homeless prevention services and emergency shelters for families were also highlighted.

An over-riding policy direction established as a result of the study was for the state to focus the lions' share of its intellectual and budgetary resources on preventing homelessness rather than building up the state's emergency shelter capacity. As the evidence has shown, this effort will be difficult given the growth in homelessness for both family groups and for individuals within this past decade and within the past two years in particular.

Subsequent to release of the A&F report, an Interagency Committee, chaired by A&F policy analysts, was established. The focus of this committee to date has been threefold: to improve discharge planning of individuals from state institutions, including corrections facilities, psychiatric hospitals, foster care, and other state-operated settings; to improve homeless prevention efforts; and to increase permanent housing resources for homeless individuals and families.

A far-reaching policy change, enacted early in 2000, relating to the lack of coordination of prevention and shelter services for families, was the administrative transfer of homeless prevention services from the Department of Housing and Community Development (DHCD) to the DTA. Subsequent to this transfer, DTA issued a Request for Responses for both emergency family shelter and homeless prevention services, removing the housing search activities from shelter program responsibilities. The effect of this change remains to be seen, but it was vociferously opposed by statewide family advocacy coalitions, including Homes for Families and the Massachusetts Coalition for the Homeless.

The A&F report included a key recommendation focused on the need for sound information to guide the state's policy making: that is, continued support of the efforts of the McCormack Institute at the University of Massachusetts Boston to implement an automated homeless services data system throughout the state. The report emphasized the need for reliable and accurate data as an essential element of planning targeted and effective policy responses to homelessness. Specifically, data are needed on the extent of homelessness (unduplicated counts) and the characteristics, prior living situations, and service needs of homeless families and individuals.

The data presented above signify tremendous progress in this regard. The statewide implementation of an automated homeless services data system has been and continues to be supported through funding from EOHHS, as well as the City of Boston and other governmental agencies, such as the regional office of the U.S. Department of Housing and Urban Development (HUD). These data were gathered through the steady and careful efforts of service providers and their clients in emergency shelters across the state over the past two to three years.³⁵ ■■■



CHAPTER FOUR | Solving the Low-Income Housing Affordability Crisis

THE RIGHT TO HOUSING
IS AN IDEA THAT BUILDS
UPON THE PHILOSOPHICAL
TRADITION OF THE
“COMMONWEALTH” IN
WHICH PERSONAL
ADVANCEMENT IS NOT AT
THE EXPENSE OF THE
COMMUNITY AND IN
WHICH THERE IS A SOCIAL
OBLIGATION TO ASSURE
ALL PEOPLE OF THE
NECESSITIES OF LIFE.

The housing affordability problems confronting lower-income families and individuals in the Commonwealth are in part the result of budget cuts and policy changes in various public programs, and in part the result of widening income inequality and associated housing cost inflation. To be sure, substantial public responsibility, fiscal and otherwise, is a necessary ingredient for a solution. It is not sufficient, however, to argue that the problems could be solved if only the current and past public programs could be restored and expanded. Despite having valuable aspects, many of the past and current programs and policies were also, in some respects, conceptually inadequate and ineffective or inefficient. What is needed, therefore, is the moral imperative for action as well as creative thinking about alternative models and approaches – finding, adapting, and publicizing innovative programs and best practices from around the state, the New England region, the nation, and other countries.

The Right to Housing

What is the moral foundation for the “New Paradigm for Housing” called for by Cardinal Law? It consists of codification of the right to housing, with housing encompassing community as well as shelter. The right to housing is an idea that builds upon the philosophical tradition of the “commonwealth” in which personal advancement is not at the expense of the community and in which there is a social obligation to assure all people of the necessities of life. Indeed, the U.S. Catholic Bishops in their 1985 pastoral letter on the U.S. Economy supported codification of a right to housing and other material necessities:

These economic rights are as essential to human dignity as are the political and civil freedoms granted pride of place in the Bill of Rights.... We believe, therefore, that these economic rights should be granted a status in the cultural and legal traditions of this nation analogous to that held by the civil and political rights to freedom of religion, speech and assembly.

A Comprehensive Program

Solving the low-income housing crisis and realizing the right to housing certainly will not occur easily or quickly. That does not mean, however, that nothing can be done. Indeed, there are many valuable efforts already underway and much more that can and should be done immediately. What is needed though, is not only a much greater commitment of resources and will, but also a comprehensive and visionary policy framework for guiding and evaluating efforts to transform a significant portion of our housing from an expensive commodity into a permanently affordable social and community resource. The following set of goals and principles provide such a framework:³⁶

- **Expand non-profit, public, and limited-equity resident ownership and production of housing**, to ensure long-term affordability, security of tenure, community viability, and responsible use of public resources. Permanently-affordable non-speculative housing can be expanded through:
 - ▶ New housing production;
 - ▶ Preservation of subsidized rental housing (public and privately-owned) for low-income households, with increasing resident and community control and ownership;
 - ▶ Financial assistance to low- and moderate-income homeowners who are shelter poor or facing foreclosure, in return for their agreement to transfer to a non-profit upon sale or death;
 - ▶ Transfer of some absentee-owned, unsubsidized private rental housing to non-profit or limited-equity resident ownership.

- **Finance the production and acquisition of non-speculative housing through direct public capital grants** rather than debt, to the greatest extent possible, in order to eliminate the affordability burden of mortgage payments and reduce debt overload in the financial system.
- **Require all private capital market participants to make below-market set-asides** as a complement to capital grants for financing non-speculative housing and community development. Credit allocation authority and incentives should be used to steer private savings to housing trust funds, community loan funds, state housing finance agencies, and mutually-owned thrift institutions.
- **Increase the capacity and scale of housing development by socially-oriented developers**, and increase public and community control over land and housing production. Public and social resources for housing development should be directed increasingly to community development corporations, mutual housing developers, regional non-profit housing organizations, labor unions, and local housing authorities. Public financing of responsible private development for non-speculative ownership should not be precluded, particularly if under community control or in joint ventures with non-profit developers.
- **Reform landlord-tenant law** to facilitate tenant unionization and institutionalize collective bargaining rights, just cause for eviction, habitability standards and enforcement, dispute resolution, and resources for technical and organizing assistance.
- **Establish employer accountability and financial responsibility** for contributing to meeting the housing needs of their workers and communities. Unions should negotiate for housing trust funds as part of their members' benefits. Private commercial and luxury developers should make linkage payments or meet inclusionary housing requirements. Other employers should establish voluntary housing programs or make payroll tax payments into housing trust funds.
- **Provide resources for appropriate and innovative housing schemes and designs**, and supportive social and community services, in response to the disproportionate growth of affordability problems among larger families, and among households headed by women.
- **Enforce anti-discrimination laws** fully and aggressively, along with affirmative programs within communities of color and the larger society to expand housing as well as income opportunities for those who have always been disproportionately shelter poor because of racism.
- **Support community control and resident empowerment** in the production and operation of housing, in balance with principles of social responsibility, non-discrimination, and inclusionary planning and development.
- **Assure adequate and secure incomes** to all households. This should be through gainful employment at decent wages for all those able to participate in the paid labor force and through appropriate income supports for those who cannot obtain adequate incomes through employment. Income supports should consist of direct affordability assistance for those unable to afford the cost of non-speculative housing, plus supplemental aid to the very lowest income households who would be unable to meet their non-shelter needs at a minimum level even with full housing assistance.
- **Provide adequate public resources and allocate them equitably** for non-speculative housing and community development – as well as other essential basic needs. Resources should be generated through dedication of a significant share of budget surpluses and new-growth revenues to housing and community-development trust funds, redirection of federal budget priorities away from the military, plus truly progressive state and federal tax reform (including strong disincentives for speculation in housing, land, and other assets, and phasing out of the increasingly regressive federal deductions for mortgage interest). ■■■

WHAT IS NEEDED IS THE MORAL IMPERATIVE FOR ACTION AS WELL AS CREATIVE THINKING ABOUT ALTERNATIVE MODELS AND APPROACHES — FINDING, ADAPTING, AND PUBLICIZING INNOVATIVE PROGRAMS AND BEST PRACTICES FROM AROUND THE STATE, THE NEW ENGLAND REGION, THE NATION, AND OTHER COUNTRIES.



CHAPTER FIVE | Housing Reform with a Vision in Massachusetts

*W*hat are some of the ways in which we could move actively and creatively toward elements of this vision in the Commonwealth of Massachusetts? Given the depth of the crisis of shelter poverty and homelessness, and the particular groups of the population who are most seriously afflicted, three particular facets of the comprehensive vision have been focused on to stimulate creativity and provide illustrations:

1. Housing and Household Type | The conventional assumptions about separate dwelling units occupied by nuclear families fail to recognize the possibilities and benefits of, and interest in, living arrangements that involve shared elements – housing that can both reduce the cost per person of housing and provide interpersonal and inter-familial supports. Congregate housing and co-housing are among the models that provide such possibilities. They are still not that well known, and their potential for Massachusetts has not been fully evaluated.

2. Ownership | The idealization of conventional homeownership and the success of first-time homebuyer programs in expanding middle-income homeownership ignore lower-income families for whom this tenure is both unaffordable and fraught with the risk of foreclosure. Conventional rental is not, however, the only alternative. There are other ownership models that combine most of the benefits of homeownership with greater affordability and security of tenure, while enhancing resident involvement and community stability. Resident-controlled non-profit ownership, limited-equity cooperatives and condominiums, mutual housing associations, and community land trusts are all well-established approaches, that have been implemented in rural and suburban communities as well as cities, and that include small-scale and scattered-site buildings as well as larger multi-family housing.³⁷ Yet they are not that well known to policy-makers, lenders, and the general public in Massachusetts.

3. Finance | It is generally believed that deep and long-term public subsidies are required to make and keep housing inexpensive enough for lower-income families. Yet the greatest amount of low-cost housing

in the U.S. consists of the 40% of owner-occupied housing that is debt-free because the mortgages have been paid off. Multi-family and renter-occupied housing can realize similar affordability benefits when it is owned for the long term by non-profit or non-speculative owners (such as the models described below) and/or financed maximally with capital grants rather than debt. Federal Section 202 elderly/handicapped housing, community-based housing with HOME or CDBG capital grants, and public housing all have the benefits of this type of financing. Yet, again, there has been remarkably little exploration and awareness of the potential for more broadly and creatively financing the production and acquisition of housing with little or no debt for lower-income families in Massachusetts.

It is not necessary to re-invent the wheel. Much constructive thinking has already been undertaken. For example, the plan recently put forth by the Boston Tenant Coalition (*Turning New Growth into Affordable Housing*) creatively focuses on:

A mix of production, preservation and conversion to create permanently affordable non-market housing, with targeted affordability across the low and moderate income spectrum, that would effectively tap local resources as well as state and federal funds.

And there are successful examples here in Massachusetts of alternative approaches to housing design, ownership, and financing. The following section provides brief case studies of a few of these alternative models to illustrate the practical possibilities. They include:

- The Community Land Trust of Cape Ann
- Jewish Community Housing for the Elderly
- Cambridge Cohousing
- Magnolia Cooperative Housing
- Watertown Scattered-Site Family Public Housing.

Successful Housing Models in Massachusetts

The Land Trust Model

The model vests title to the land itself in a non-profit, community organization (the land trust) to be held in non-speculative ownership in perpetuity. Individuals are granted the right to use land for their own benefit and with considerable individual autonomy. The formal legal link between the trust that owns the land and the people or organizations who use it is the ground lease which grants lifetime or ninety-nine year tenure (inheritable and renewable) subject to certain conditions. [Stone; *Shelter Poverty*, page 208.]

Community Land Trust of Cape Ann

Cape Ann's Land Trust³⁸ was originally conceived over ten years ago by the founding members of Wellspring House, Inc., an organization in Gloucester that began as a shelter for homeless women and children. It since has progressed to an organization that addresses various needs of low-income families, including the need for development of below-market housing. With Wellspring House's recognition of the need for more housing options in the area for low- and moderate-income people, they researched the Land Trust model and decided that model would work well on Cape Ann.

The Community Land Trust of Cape Ann (CLTCA) is currently completing the Haven Terrace Condominiums, a project that began ten years ago when the land trust had just been formed. During these ten years the organization has completed and sold 36 units to low- and moderate-income families.

The current project consists of 25 units in 8 wood frame buildings, sited with a view of Gloucester's working harbor and within walking distance to stores, train station, and community facilities. In undertaking this project, the Land Trust faced two major challenges: first, the creation of well-built homes to be sold at prices affordable to Cape Ann's working families now and in the future; second, the transformation of a dilapidated area with considerable social pathology into a healthy neighborhood.

Total housing costs, including mortgage, insurance, estimated taxes, and condo fees, are less than the current high rental prices in Gloucester; and the homes are designed to stay affordable forever, through resale price restrictions defined in the ground lease.



Eligible families or individuals must have either lived or worked in one of the five Cape Ann communities for at least a year, earn less than 80% of the area median income, and qualify for a mortgage with one of the 5 participating banks. Approximately 60% of the units have been sold to very low-income (less than 50% of area median income) households.

Though there are separate buildings, the project is structured as a condominium, managed by the owners. New owners receive training in condominium management at monthly workshops during the first year. In the second year, the owner trustees take charge but the CLTCA has oversight responsibilities. At the end of the second year, the owners assume full responsibility for management of their community.

Currently, the CLTCA is continuing with its mission with the conversion of two buildings in central Gloucester into 14 condominium units. The development of these homeownership opportunities for low and moderate families and individuals by the Community Land Trust of Cape Ann is a successful demonstration of stabilization of a neighborhood, and utilization of existing buildings for conversion to housing affordable in perpetuity for this targeted population. ■■■

Successful Housing Models in Massachusetts

The Capital Grant Model

The benefit of capital grants is that the federal funds do not have to cover the interest payment on the debt. Although the up-front costs in the early years will be higher, over the long term federal outlays to pay for the housing will be significantly less. (National Housing Law Project; *Housing for All: Keeping the Promise*, November 1995.) The great advantage of up-front grants for socially owned housing is that residents can be assured absolutely and unequivocally that they will never have to pay any debt service costs for the purchase or construction of their housing, in contrast with the subsidized debt financing situation, where they have to depend upon ongoing (and perhaps fickle) subsidy appropriations to cover the ongoing mortgage or bond payments. [Stone; *Shelter Poverty*, page 219.]

Jewish Community Housing for the Elderly

Jewish Community Housing for the Elderly (JCHE) was founded in 1965 by a group of community leaders to meet the community's growing need for secure, well-maintained housing for elderly persons of low-income. This purpose was embodied in a philosophy that sees the provision of shelter is just one among many needs facing a low-income population as it ages. Therefore, the commitment was to provide housing that was secure, stable, and attractive, to foster a sense of community, and to ensure that residents had access to services as their needs for them emerged. JCHE's housing and innovative programs have brought national recognition.

JCHE has built and manages five buildings with more than 1,000 apartments in Brighton and Newton. JCHE's housing is non-sectarian and is financed and subsidized by government programs. All buildings currently have Section 8 contracts, and two have Project Rental Assistance Contracts. Residents pay 30% of their adjusted gross income for rent; the subsidy contracts make up the difference between the rental income from tenants and the operating costs under HUD approved budgets. Eligibility for the four buildings built before 1984, Ulin House, Leventhal House, Genesis House, and Golda Meir House, is restricted to elderly whose incomes are below 80% of area median income. Campus House which opened in 1984, and the new additions described below, are restricted to elderly with incomes below 50% of the area median income. At Golda Meir House, 23 apartments are not covered by subsidy contracts and their tenants' income is not restricted.

With demand for its housing exceeding by far the supply, JCHE has built a 75-unit addition to the Gold Meir House and a 36-unit addition to the 100-unit Campus House, both located in Newton. These addi-



tions were financed under the federal Section 202 program, as amended to change the former loan program to a capital grant program. The financing is legally a deferred-payment loan with no debt service payments. After 40 years of continued low-income occupancy the loan is forgiven, thus effectively making it into a capital grant.

Income eligibility for these two additions to the existing Newton developments is set at 50% of area median income with tenant share of rent remaining capped at 30% of adjusted gross income. The program provides funds (subsidy) under a project rental assistance contract (PRAC) to make up the difference between the rental income and the amount needed for operations.

In keeping with JCHE's philosophy, a number of amenities are included in JCHE's buildings, such as a community room, beauty shop, convenience store, library, and computer room. Many of the special programs and services are financed through grants and private charitable dollars from Friends of JCHE. While JCHE housing is not resident-controlled, residents play an active role through their resident organizations.

The capital grant approach in the amended Section 202 program allows more of the public funds to be allocated to operations. Unfortunately, however, in a high cost area, such as Metropolitan Boston, the program does not pay for the entire development costs. Other financial resources, including other public funds as well as private funds, were required to produce these additions to meet the high standards established by JCHE in its housing. ■■■

Successful Housing Models in Massachusetts

The Co-Housing Model

The first co-housing development was organized in 1972 outside of Copenhagen, Denmark, by 22 families who were looking for a greater sense of community than other housing options provided. Today, co-housing communities are diverse, varying in size, ownership structure, and designed to meet the interests and needs of the individuals and families who start them. These communities are resident-planned and controlled and characteristically have some common facilities fostering social interaction and a sense of community (Adapted from University of Wisconsin Center for Cooperatives; *A Tool for Community Economic Development, Housing Co-Ops and Other Housing Alternatives*, chapter 10).



Cambridge Cohousing

The Cambridge Cohousing development of 41 units located in North Cambridge represents the culmination of a three-year planning effort by a group of people who had a vision of developing a community in which “the architectural and social organization is designed to inspire and enhance the daily lives of its inhabitants.”³⁹

Beginning in 1995, a group of 20 to 30 people, attracted by advertisements, flyers, and a notice posted in the Cambridge Friends Meeting House, came together with the developer, Oaktree, to discuss and begin the planning process for creating a mixed-income housing community with a diverse population. The planning group was committed to the “idea of cooperation in daily living, while maintaining a balance between privacy in their own homes and the wish to interact with others.”

The first step in making their vision a reality was the purchase of a vacant parcel of land, once the site of a pottery factory and more recently a large machine shop. The purchase of the land was made possible by a group who had been involved in the planning and were willing and financially able to demonstrate their commitment to the vision.

The complex includes 29 flats ranging in size from studio apartments to four-bedroom units, and 12 townhouses, with three or four bedrooms. The community is diverse in income, age, household type, and unit sizes: young families with children, single parent families, empty nesters, single individuals, and people with developmental disabilities. The development includes two subsidized housing units (owned by the Cambridge Housing Authority enabling low-income households to live in the community); and one supported independent-living unit.

This supported independent-living component contains four bedrooms with a related one-bedroom unit for resident staff. Each of the four

bedrooms is owned by the occupant or his/her family; the owners shared proportionately (based on bedroom size) in the purchase of the unit and share in payment of real estate taxes and the cost of the common space and the staff apartment.

The co-housing complex includes a common house, with a living room, a kitchen and pantry, a dining room where several meals a week are shared by the residents, a library, exercise room, children’s playroom, and laundry facilities. The design of the complex with shared hallways and pathways promotes social interaction. The development is enhanced with gardens, children’s play areas, and townhouse patios, each contributing to that balance of privacy and social interaction.

Cambridge Cohousing legally is a condominium development. Each unit (with the exception of the subsidized units) is owned individually by the occupants. A Managing Board of residents is responsible for financial and property management of the complex. A management company, responsible to the Board, has been hired to provide the daily management.

In keeping with the co-housing philosophy, residents are expected to participate in the life and work of the community. Various committees have been established with the expectation of participation in at least one committee. Some committees deal with social aspects of community living, while others focus on management operations. Once a month there is a general community meeting, functioning as a sounding board for ideas, problem solving, and approval of committee recommendations. In the two years of occupancy of the complex, two families have moved out. The community is currently wrestling with issues of escalating housing prices, maintaining an income mix in the future, and weaving new owners into the social life and fabric of the community. ■■■

Successful Housing Models in Massachusetts

The Limited-Equity Cooperative Model

The distinctly limited-equity form of co-op emerged as a housing strategy for helping to maintain long-term affordability and resident control for people of moderate if not low income. In a limited-equity co-op, the price is set by formula, not by the market, to restrict or eliminate any speculative gain. [Stone; *Shelter Poverty*, page 205.]

Magnolia Cooperative Housing

Magnolia Cooperative Housing⁴⁰ is an eight unit, low-income, self-managed family cooperative, located in Dorchester. Project Hope, a human service agency providing shelter for homeless women and their children, education, child care, and other services, sponsored this housing. The vision was to make homeownership opportunities possible for families earning between \$10,000 and \$25,000 and to eliminate the need for ongoing rental subsidies to cover renovation and operating costs. A 99-year ground lease on a vacant Dorchester lot provided Project Hope with the opportunity to translate this vision into reality.

This pilot housing effort was designed to cover the development costs at the front end of the process—rather than borrow money that would have to be repaid through mortgage payments—and have the eight working families buy in with 200 hours of classroom training and 100 hours of sweat equity on the units. Families were pre-selected and guided through the entire development process. Training involved leadership, management, and maintenance classes as well as community building skills. These 300 hours represented the equivalent of each family's equity investment of approximately \$1,500, an amount that appreciates by 5% a year.

Magnolia Cooperative Housing is designed for large families. There are one four-bedroom and seven three-bedroom units. Carrying charges are based on income. Currently residents pay \$250-\$490 a month, and to date these fees have not been raised, even as family income has increased. These charges free up income to secure a higher level of self-sufficiency for families.



Three of the original resident owners have moved out and new families have replaced them. The purchase share of the new family is cash, the amount of equity paid to the owner leaving the co-op. In the initial 300-hour training, residents were trained in how to deal with families moving out. They replicate their own selection process, and with their training manuals, also replicate part of the training that they had participated in. Families understand the co-op rules. Once each year units are inspected, and long-term stewardship improvements are approved by the Board. These cooperative owners manage the property through regular monthly meetings. If lives improve, it is expected that some families would choose to move to other housing options. ■■■

Successful Housing Models in Massachusetts

The Scattered-Site Family Public Housing Model

Public Housing is by far the most extensive and most maligned form of social ownership in this country. Yet for all of [the] problems and the too-successful attempts to discredit the concept of public housing..., more complete and balanced examinations reveal that for the most part public housing has had a remarkable record of success in providing physically decent, non-speculative, mortgage-free, and cost-effective housing to poor people. [Stone; *Shelter Poverty*, page 199.]

Watertown Housing Authority

Chapter 705 of the Massachusetts Acts of 1966⁴¹ created a new approach to housing low-income families by providing funds for the acquisition and operation of scattered-site housing for large, low-income families. The vision was to provide housing that erased the stigma of public housing, to create the opportunity for families to be integrated into mixed income neighborhoods, and to assure a stable, secure, and affordable housing setting, appropriate in size for large families.

Taking advantage of this funding source, the Watertown Housing Authority purchased from private owners four sites in different areas of Watertown for this family public housing. Two of these sites are two-family houses, and the other two sites are three-family houses. Each of these houses is part of a neighborhood: there are no markers or signs that identify them as public housing. The majority of the units are either two- or three-bedroom. One house has a four-bedroom unit, which provides housing for four developmentally-disabled residents through the Department of Mental Retardation.

The Watertown Housing Authority manages and maintains all four sites. Tenants meet all eligibility requirements for state-aided public housing and pay 25% of their adjusted gross income for rent; additionally they pay their own utility expenses. There is very little turnover in this scattered-site housing, as residents enjoy their units and the opportunity for anonymity as low-income families.



The success of this model of public housing led the Housing Authority to purchase two condominium units, each a three-bedroom unit, within a then newly-constructed private development, known as Sienna Village. Residents who meet all eligibility requirements for public housing also pay 25% of adjusted gross income for rent in these condo units and pay for their own utilities as well.

Other local housing authorities across the state have used the 705 program to house low-income families. Limited funding for state-aided public housing in recent years has been directed toward maintenance and improvements in existing housing rather than expansion of the 705 program. Still, the scattered-site public housing in Watertown and elsewhere stands as testimony to a sensitive and effective approach to housing low-income families. ■■■

*A home, in the most basic sense,
provides a person a place in the world.*

Housing for All | KEEPING THE PROMISE

In 1949, this nation promised that it would realize ‘as soon as feasible...the goal of a decent home and a suitable living environment for every American family,...’ That promise recognizes that a home, in the most basic sense, provides a person a place in the world. Our homes and residential communities define our quality of life. A home is essential to our full participation as social beings (National Housing Law Project; *Housing for All: Keeping the Promise*, November 1995).

That commitment in the 1949 Housing Act was a bold promise, too long deferred, even in the Commonwealth of Massachusetts, as this report illustrates. The situation is now critical. Too many are homeless; too many cannot afford their current housing costs and still meet other needs at some minimum level of adequacy. This is the “moral crisis” of housing in the Commonwealth and the nation.

This country and this state have an impressive record of meeting the housing needs of those who are well off, those who have prospered in the growing economy. We have ample resources to meet the housing needs of those who are not so well off. We know what should be done, and we have successful examples of how to do it.

Now is the time to remember those who have been left behind. Now is the time to acknowledge the right to housing for everyone in this Commonwealth and this nation. Now is the time to fulfill that promise of half a century ago. Now is the time for action.



*Our homes and residential communities
define our quality of life.*

Endnotes

1. See, for example, U.S. Department of Housing and Urban Development. 2000. *Rental Assistance—The Worsening Crisis: A Report to Congress on Worst Case Housing Needs*. March 28.

2. See Stone, 1993, chapter 2 and Appendix A, for detailed explication of the logic and methodology for the shelter-poverty standard, as well as discussion of the historical background to the development of the concept.

3. Household size is the most decisive element of household composition in distinguishing affordability. Other elements, particularly ages and relationships, are also significant, though somewhat less so than household size. The fully-developed sliding scale, as presented in this chapter, has been derived for non-elderly married-couple households, non-elderly single-adult households, and elderly households in order to take into account elements other than just household size.

4. To be sure, the official Poverty Level is based not on housing costs, but instead on a food standard. However, the Poverty Level suffers from a number of conceptual weaknesses as a measure of overall income adequacy (see Stone, 1993, Appendix A), and its food-driven approach is not the only reason it is especially inappropriate as the starting point for constructing a housing affordability standard.

5. The data for the analyses have been obtained from 1990 Census Public Use Microdata (PUMS) for Massachusetts (including the Boston CMSA), 1993 and 1998 American Housing Survey (AHS) microdata and published data for the Boston CMSA, and March 1993 through March 1999 Current Population Survey (CPS) microdata for Massachusetts (including the Boston CMSA).

Detailed computations of the extent and distribution of affordability problems were first carried out for Massachusetts and the Boston CMSA in 1990 based on PUMS data. Detailed computations were then carried out for the Boston CMSA in 1993 and 1998 based on AHS data. The relationship between 1990 Massachusetts and Boston CMSA affordability rates by tenure, household size, and income provided a model that enabled extrapolation, from the detailed Boston CMSA affordability computations for 1993 and 1998 to CPS data for Massachusetts, to estimate the extent and distribution of affordability problems for Massachusetts in 1993 and 1998.

6. In 1998 there were 458,000 renter households paying 30%+ of their incomes for housing (48% of all renters); they had a median income of \$15,400. In contrast with shelter poverty, on the conventional standard the most serious affordability problem appears to be among 1-person households (nearly 50% of whom pay 30%+), rather than larger households (about 35% of whom pay 30%+). The number of renters paying 30%+ has increased much more slowly than has shelter poverty, rising from about 381,000 in 1990, to 407,000 in 1993, and 458,000 in 1998.

In 1998, 242,000 renters were paying more than 50% of their incomes for housing; they had a median income of \$9,900. This was a very sharp increase from 191,000 in 1990 and 181,000 in 1993.

Thus, by any measure there is a very low-income renter population with severe affordability problems. However, the shelter-poverty approach suggests an affordability problem that is more serious among larger households, and a problem that is growing at a faster rate and is more sensitive to rising rents and widening income inequality than implied by the conventional measures.

7. In this report, housing affordability data on Blacks are non-Hispanic, as are data on whites and Asian Americans. Latinos are thus a distinct category, not overlapping with Blacks, whites, and Asian Americans.

8. For Asian American renters shelter poverty appears to have declined sharply from 1993 to 1998. This is probably an artifact of the data rather than a real decrease, due to the small number of Asian Americans in the samples, especially the Current Population Survey data.

9. On the 30% of income and 50% of income standards, the worsening of affordability problems for all racial groups in the 90s does not appear to be as severe. The number of renters of color with affordability problems on the conventional standards did increase, but at about the same rate as the increase in the total population of renters of color. The incidence of affordability problems on the 30% and 50% standards thus changed very little.

Also, the shelter-poverty approach shows greater concentration of affordability problems among larger renter households of color. Specifically, the median size of Latino renter households who are shelter-poor was 3.3 persons in 1998, compared with 2.8 persons on the 30% standard and 2.7 on the 50% standard. Among Black (non-Hispanic) renter households, the median size of those shelter-poor is 2.3 persons, compared with 1.4 persons on the 30% and 50% scales. Among Asian American renter households, the median size of those shelter-poor is 2.0, compared with 1.4 and 1.5 respectively on the 30% and 50% affordability standards.

In sum, for the various racial/ethnic renter populations, shelter poverty shows greater sensitivity to differences in household size and the state of the overall economy than does the conventional standard of affordability.

10. In 1998 almost 262,000 female-headed renters were paying 30%+ of their incomes for housing. On the 30% standard there was a much smaller, yet more steady increase over the decade: from 227,000 in 1990 to 262,000 in 1998, with just a small increase in the percentage paying 30%+. In 1998 about 149,000 were paying 50%+, a little over 29% of all female-headed renter households. This was a 19% increase in the number, but just a slight increase in the rate, as the total number of female-headed renter households rose substantially over the period.

Once again, the shelter-poverty approach shows a greater problem among larger households: the median size of female-headed renter households who are shelter-poor is 2.1 persons, compared with 1.5 on the 30% and 50% standards. Thus, as with the analysis of racial/ethnic groups, the findings on female-headed renter households suggest that shelter poverty is a more sensitive indicator than are the conventional measures of the problems faced by larger households, as well as a more sensitive indicator of the relationship between the state of the overall economy and the extent of affordability problems.

11. About 97,000—61%—of elderly renters were paying 30%+ of their incomes for housing in 1998. This much higher number than those shelter-poor reflects the concentration of shelter poverty at the very lowest incomes among small households; many middle-income seniors paying over 30% of their incomes for rent are not shelter-poor. The number of elderly renters paying 30%+ remained stable over the decade, while the proportion has risen substantially as the total number of elderly renters declined. By contrast, on the 50%+ standard, the number of seniors with affordability problems rose to 57,000 in 1998 from 49,000 in 1990, while the incidence rose to 36% from 26%.

12. In 1998, 489,000 homeowners—nearly 34% of all homeowners—paid over 30% of their incomes for housing; they had a median income of \$28,600. The much higher number of households paying over 30% and their higher median income in comparison with shelter poverty is due to the greater sensitivity of the shelter-poverty affordability standard to household size and income: smaller, middle-income households paying somewhat more than 30% of their incomes for housing are not necessarily shelter-poor.

In 1998 216,000 homeowners—15% of all homeowners—paid over 50% of their incomes for housing. Of these, 80,000 were one-person households, mostly elderly, with a median income of just \$11,000. Most of the larger households paying over 50% were non-elderly and had a median income of about \$22,000. Between 1990 and 1998 the number of homeowners paying over 50% doubled, with most of the increase being among non-elderly. Nonetheless, the median size of homeowner households paying over 50% of their incomes was 1.9 persons in 1998, compared with a median size of 2.4 persons for shelter-poor homeowners. In contrast with shelter poverty, the conventional measures tend to understate the affordability problems of larger households.

13. As with Asian American renters, this may be an artifact of the small number of Asian Americans in the sample.

14. On the 30% standard of affordability the racial/ethnic groups have about 10-12 percentage points higher rates of affordability problems than on the shelter-poverty standard, but the relative severity and the patterns of change over the decade are otherwise comparable to shelter-poverty. On the 50% standard, one out of every three Black homeowners was paying more than 50% of their income for housing in 1998, compared with one out five Latinos, one out of seven whites and just one out of twenty Asian Americans. Also, over the decade the proportion of Black homeowners paying over 50% more than tripled, while for Latinos and whites the rates about doubled and for Asian Americans the rate was cut in half. Thus, regardless of the measure used, Black homeowners are by far the most severely disadvantaged of all homeowners, although Latino homeowners also experience high rates of affordability problems when compared with whites and Asian Americans.

15. On the 30% of income affordability standard, the number of households is considerably greater than on the shelter-poverty standard: 231,000, or almost 38% in 1998. On this standard the number with affordability problems is also found to have more than doubled over the decade, although most of the increase occurred between 1990 and 1993, in contrast with shelter poverty which increased more from 1993

to 1998. On the 50% standard, the number was 116,000, or over 19%, in 1998. This, too, was more than double the number in 1990, when about 13% of female-headed homeowner households were paying over 50% of their incomes for housing.

16. More than 140,000 elderly homeowners paid 30%+ of their incomes for housing in 1998 (39% of all elderly homeowners). This number is so much larger than the number shelter-poor because many moderate-income and middle-income seniors who pay over 30% for housing can afford to do so without being shelter-poor. By contrast, in 1998 over 68,000 elderly homeowners were paying over 50% of their incomes for housing, a number quite comparable to shelter poverty. On the other hand, over the period from 1990 to 1998 the number of elderly homeowners paying over 50% of their incomes nearly doubled, much higher than the rate of increase in shelter-poverty.

17. Telephone conversation with Harvey Chopp, Clerk of the Boston Housing Court, 4/29/98.

18. Mortgage Bankers Association, Quarterly Delinquency Survey.

19. According to the 1998 American Housing Survey for the Boston CMSA, almost exactly two-thirds of homeowner households had one or more mortgages on their homes. No comparable recent data are available for the state as a whole, but since the Boston CMSA contains over 60% of all homeowners in the state, and there is no reason to expect the mortgage proportion to be much different in the rest of the state, the 2/3 fraction has been assumed for the state as whole. According to the Current Population Surveys for 1998 and 1999, there are about 1.5 million homeowner households in the state, 2/3 of which is 1 million.

20. Many shelter-poor homeowners who have been experiencing foreclosures in recent years have been victimized by so-called "predatory lenders," who have induced financially-stressed owners to take on very high-risk loans. As reported in the *Boston Sunday Globe* Real Estate section on August 13, 2000 (page H1): "Despite the booming economy, there have been almost 3,000 foreclosures initiated since the beginning of the year, most of which involve predatory lenders, state officials said."

21. Unduplicated count of homeless families in 1999: 1,022 families, representing 62% coverage of families served in state emergency shelters during 1999. Shelters contributing records include: Casa Nueva, Conway House, Crossroads, Florence House, Friendly House, Hyannis Assistance Corp., The Inn Between, Jessie's House, Louison House, Mary's House, Metro Boston Housing Partnership, North Shore CAP, Open Pantry Community Services, Our Friends' House, Project Hope, Quincy

Commission on the Family, Sandra's Lodge, Service Net, Shelter Inc., Sojourner House, St. Ambrose House, Travelers Aid, and Tri City Housing Task Force.

These data were collected in large part by interviewing people experiencing homelessness, sometimes on the street, and most often in shelters or other homeless service agencies. These data do not capture information on people who are in doubled-up living situations, and others who are homeless but do not come into contact with the service system. It should be noted that the homeless individuals and families who are interviewed respond with varying levels of depth, e.g., information on demographic characteristics is based upon a much higher level of accuracy than is that about prior residence and income sources.

22. Unduplicated count of homeless individuals in 1999: 8,411 individuals, representing 68% coverage of persons served in state emergency shelters during 1999. Shelters contributing records include: American Red Cross' Barton's Crossing, Boston Rescue Mission, Bristol Lodge, Cambridge Salvation Army, Central Massachusetts Shelter for Homeless Vets, Father Bill's, Franklin County Emergency Shelter, Jeremiah's Inn, Leeds Veterans Shelter, Long Island Annex, Long Island Shelter, Long Island Woods Mullen, Mainspring House, New England Shelter for Homeless Vets, NOAH Shelter, Open Pantry Community Services, Pine Street Holy Family, Pine Street Men's Inn, Pine Street Women's Inn, Shattuck Shelter, Shelter Inc. Cambridge Shelter, Silver Street Inn, United Homes' Post Detox, United Homes' Main Shelter, and Worcester PIP.

These data were collected in large part by interviewing people experiencing homelessness, sometimes on the street, and most often in shelters or other homeless service agencies. These data do not capture information on people who are in doubled-up living situations, and others who are homeless but do not come into contact with the service system. It should be noted that the homeless individuals and families who are interviewed respond with varying levels of depth, e.g., information on demographic characteristics is based upon a much higher level of accuracy than is that about prior residence and income sources.

23. This number includes homeless individuals served by shelters funded by DTA, DSS, DPH, DMH, DMR, DVS, and HUD (state and City of Boston) McKinney funds. In addition, the count includes: single women turned away from DSS battered women's shelters; community-based DMH clients with dual diagnosis or major mental illness who are inadequately housed (living in abusive situations, overcrowded housing, etc.); veterans in need of housing; and those living on the streets.

The DTA and DVS shelter counts rely upon the methodology utilized by Dennis Culhane in research in Philadelphia and New York City. See Culhane, D.P., Dejowski, E.F., Ibanez, J., Needham, E., Macchia, I., "Public shelter admission rates in Philadelphia and New York City: The implications of turnover for sheltered population counts," *Housing Policy Debate*, vol. 5 (1994): 107-151. This research suggests that about 17% of shelter users are chronically homeless, while 83% are short-term shelter users. Shelters in Philadelphia had an annual turnover rate of 6.2; for New York City shelters it was 3.62. Using the average of these two statistics (4.8) we calculated the number of persons served in DTA and DVS-funded shelters for FY99 using the following formula:

$$(.83 \times \text{number of shelter beds} \times 4.8) + (.17 \times \text{number of shelter beds}) = \text{total persons served.}$$

In 1999 DTA funded 2,604 emergency shelter beds for individuals. Using the above formula, an estimated 10,817 were served in 1999. Also in 1999, DVS funded 431 individual emergency shelter beds; for an estimated 1,790 homeless veterans served during the year.

24. This estimate is based on a methodology developed by Christopher G. Hudson, "The homeless of Massachusetts: An analysis of 1990 U.S. Census S-Night Data," *New England Journal of Public Policy*, vol. 9 (1993):79-100. In FY99 250 homeless people were on Boston's streets. Hudson estimated that the City of Boston's count was 13% of the state-wide number, yielding an estimate of 1,923 homeless persons in the state.

25. Sources: DTA, DSS, DPH, City of Boston Department of Neighborhood Development, EOHHS, and privately-funded shelters. Determining precisely how many families are homeless in Massachusetts is complicated by several factors. Point in time counts and inclusion of only those who obtained state-funded shelter underestimate the extent of homelessness.

This total count of homeless families includes: (1) those served through any state or federally-funded shelter (including those in hotels and motels); (2) those who received privately-funded shelter; and (3) those who sought shelter but were turned away due to lack of capacity by DTA or DSS or shelter programs. The turn-away numbers are inexact and involve some duplication. For example, DSS numbers are duplicated counts. That is, families requesting shelter more than once or subsequently entering a shelter at a later date during the year were counted more than once.

Although the figures in this report on women and children escaping violence are duplicated counts, they provide what is quite possibly an

under-estimation of the numbers who are homeless, because not all women and children homeless as a result of escaping violence actually call a shelter. These factors limit the production of an accurate count of the total number of homeless in Massachusetts. However, we used the same methodology in this analysis as in the University of Massachusetts 1998 report, *A Profile of Housing in Massachusetts*, enabling us to identify trends in the extent of family homelessness since 1997 and 1990. More exact numbers will be available in the future as most state human service agencies are implementing data systems that will produce an unduplicated count.

26. For clarity, heads of households will be referred to throughout this section as parents, recognizing that in some families the head of the household may be a grandparent, or other related or non-related adult who has assumed responsibility for the care of children in the family. The number of two-parent families in this sample is very small. Data presented here reflect what we know about the adult in the family who has been self-designated as head of household.

27. Interagency Council on the Homeless. *Homelessness: Programs and the People They Serve. Findings of the National Survey of Homeless Assistance Providers and Clients*. U. S. Department of Housing and Urban Development, December 1999.

28. We carried out a separate analysis comparing income information collected from 62% of families (n= 97) served in DTA-funded Western Massachusetts emergency shelters and 100% of families (120) served in the Boston-based Transition To Work program between 10-1-98 and 9-30-99. Boston families were four times as likely as Western Massachusetts to be in the paid workforce. That is, 20% of Boston families and only 5% of Western Massachusetts families reported receiving earned income.

29. U.S. Bureau of the Census. Current Population Survey, March 99 supplement for Massachusetts.

30. U.S. Bureau of the Census. Ibid.

31. Based upon an analysis of multiple site usage, we found that across all individuals using emergency shelters for singles, 6% had been registered in two shelters, and less than 1% had been registered in three or more shelters.

32. U.S. Bureau of the Census. Opcit.

33. That is, Earned Income Tax Credit (EITC), refugee assistance, veterans' assistance, worker's compensation, general assistance, unemployment insurance or rent supplements.

34. Homelessness Policy Research Team. *Homelessness in Massachusetts: Are State-Funded Resources and Services Allocated and Coordinated Effectively?* Massachusetts Executive Office For Administration and Finance, December 20, 1999.

35. The analysis provided above on the characteristics, prior living situations, and service needs of homeless families and individuals represent a 68% level of coverage of individuals and 62% level of coverage of families served by publicly-funded emergency shelters in Massachusetts throughout calendar year 1999.

36. Adapted from Stone, *Shelter Poverty*, Chapter 12.

37. For example, the Institute for Community Economics, located in Springfield, Massachusetts, has helped over 120 communities of all sizes around the country with the establishment of community land trusts that create permanently-affordable resident- and community-controlled housing.

38. The discussion in this section is adapted from a paper by Lisa Ward and Vicky Lindsay, "Community Land Trust of Cape Ann," 2000.

39. All quotations related to Cambridge Cohousing are from Ben Benjamin and Leslie Lin, Eds., *A Handbook on Cambridge Cohousing*, compiled July, 2000.

40. A portion of this description has been adapted with permission from Citizens' Housing and Planning Association's *Making a Difference: Successful Housing Models for Homeless People*. No date.

41. Sections 5 and 6 of Chapter 705, Massachusetts Acts of 1966. These sections were later codified in Massachusetts General Laws, Chapter 121.

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A black and white photograph of the Hotel Hamilton, a large, multi-story building with a prominent entrance and many windows. The building features a classical architectural style with columns and a pedimented entrance. The facade is light-colored, and the windows are numerous and rectangular. The sky is dark and cloudy.

Boston Housing Court
Cambridge Cohousing
Community Land Trust of Cape Ann
Jewish Community Housing for the Elderly
Massachusetts Department of Housing and Community Development
Massachusetts Department of Mental Health
Massachusetts Department of Mental Retardation
Massachusetts Department of Public Health
Massachusetts Department of Social Services
Massachusetts Department of Transitional Assistance
Massachusetts Department of Veterans Services
Massachusetts Executive Office of Health and Human Services
Massachusetts Institute for Social and Economic Research
Project Hope
Watertown Housing Authority
Bonnie Heudorfer



John Ciccarelli
Office of Economic Development
University of Massachusetts Boston

Chris Norris
Citizens' Housing and Planning Association

[illegible]

DEMCO 13829810

The right to housing is an idea that builds upon the philosophical tradition of the "commonwealth" in which personal advancement is not at the expense of the community and in which there is a social obligation to assure all people of the necessities of life.



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